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**Mary L. Henze**  
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July 8, 2003


Ms. Marlene Dortch  
Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, SW, TW-A325  
Washington, DC 20554

***Re: CC Docket 02-33; Framework for Broadband Access to the Internet  
over Wireline Facilities***

Dear Ms. Dortch,

The attached document was provided to Jane Jackson of the Wireline Competition Bureau today. Please place this document on the record of the above proceeding.

Sincerely,

  
Mary L. Henze

Attachment

cc: C. Matthey  
J. Jackson

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Ms. Jane Jackson  
Associate Bureau Chief  
Wireline Competition Bureau  
Federal Communications Commission  
445 12<sup>th</sup> Street, SW  
Washington, DC 20554

***Re: CC Docket 02-33; Framework for Broadband Access to the Internet  
over Wireline Facilities***

Dear Ms. Jackson,


At our June 18, 2003 meeting, you asked me for additional information on how BellSouth treats loop costs and DSL under the FCC's separations rules. In response we have prepared the attached high level diagram and explanation. As we discussed, no "loop costs" are allocated to the interstate jurisdiction as a result of DSL deployment. This is because the provision of DSL has no impact on cable and wire facilities, circuit equipment, or working loop counts (either pre or post freeze).

The only investment associated with DSL that is directly assigned to the interstate jurisdiction is the DSLAM which is assigned to the Special Access Rate Element (as illustrated). The percent relationship of DSLAM investment to total circuit equipment has been frozen based on 2000 levels. In addition, the direct assignment of DSLAM investment also causes associated plant specific expenses to be assigned to the interstate jurisdiction.

Other equipment used in, but not dedicated to, the provision of DSL, such as ATM switches and ATM line cards are not directly assigned to the interstate jurisdiction. In fact, these items are not even indirectly assigned because they are recorded as local switching equipment that is allocated based on dial equipment minutes (DEM). DEM factors are not affected by ATM traffic and are frozen at 2000 levels.

Please do not hesitate to contact me at (202) 463-4109 if you have any questions about this material.

Sincerely,

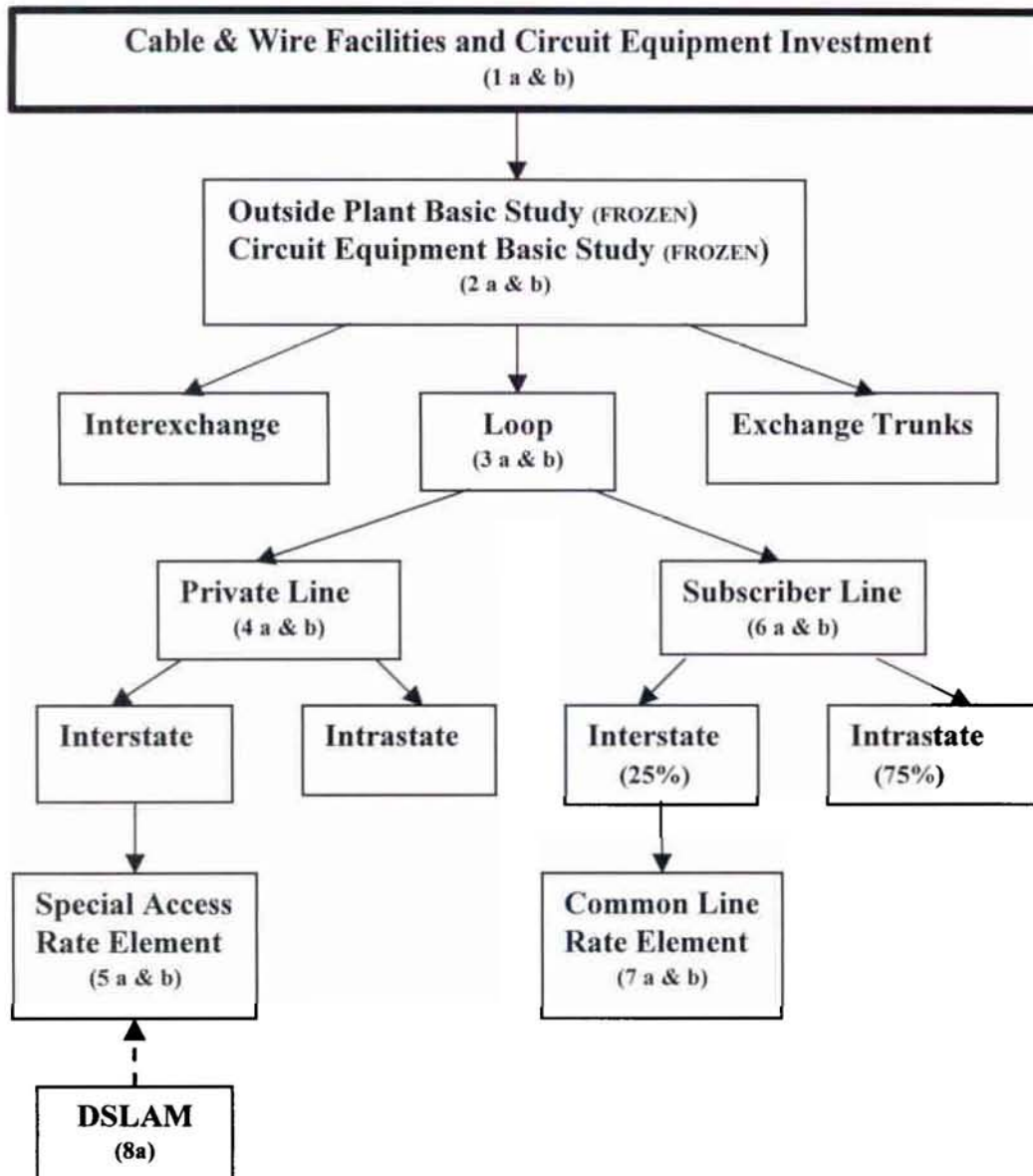


Mary L. Henze

Attachment

cc: C. Matthey

# Separation of Loop Costs



## Separation of Loop Costs

a = Cable & Wire Facilities  
b = Circuit Equipment

- 1a. Loop costs include cable and wire facilities (C&WF) investment and expenses.
- b. Loop costs include circuit equipment investment and expenses. This includes equipment needed to derive communication transmission channels such as amplifiers, repeaters, etc. It does not include switching equipment.
- 2a. An Outside Plant Basic Study is used to separate the total C&WF between the interexchange, loop, and exchange truck. This study has been frozen based on 2000 levels since July 2001.
- b. Circuit Equipment is allocated in the same manner as C&WF via the Circuit Equipment Basic Study. This study has been frozen based on 2000 levels since July 2001.
- 3a. The loop portion of the C&WF investment represents the facilities between the local central office and the subscriber premises. It is allocated between private lines and subscriber lines by calculating an average loop C&WF investment per working loop and multiplying this by the number of private line working loops and subscriber working loops. The loop counts have been frozen based on 2000 levels since July 2001.
- b. Circuit Equipment is allocated between private lines and subscriber lines in the same manner as C&WF. The loop counts have been frozen based on 2000 levels since July 2001.
- 4a. The private line portion of the loop C&WF investment is directly assigned to the appropriate interstate or intrastate jurisdiction.
- b. Circuit Equipment is allocated in the same manner as C&WF.
- 5a. The interstate private line loop portion is directly assigned to the Interstate Special Access Rate Element.
- b. Circuit Equipment is allocated in the same manner as C&WF.
- 6a. The subscriber line portion of the loop C&WF investment is allocated to the interstate and intrastate jurisdictions via the Basic Allocator Factor (25% to interstate and 75% to intrastate).
- b. Circuit Equipment is allocated in the same manner as C&WF.
- 7a. The interstate subscriber line portion (25%) is then directly assigned to the Interstate Common Line Rate Element.
- b. Circuit Equipment is allocated in the same manner as C&WF.
- 8a. DSLAM investment (investment associated with DSL) is directly assigned to the Interstate Special Access Rate Element. The % relationship of DSLAM investment to total circuit equipment has been frozen based on 2000 levels.